



DEPARTMENT OF SOCIAL SERVICES

DIVISION OF MEDICAL SERVICES

700 GOVERNORS DRIVE

PIERRE, SD 57501-2291

PHONE: 605-773-3495

FAX: 605-773-5246

WEB: dss.sd.gov

June 16, 2008

Re: National Drug Code (NDC) Billing Requirement for Drug-Related HCPCS
J-Codes

Dear South Dakota Medicaid Provider:

To comply with Centers for Medicare and Medicaid (CMS) requirements related to the Deficit Reduction Act (DRA) of 2005, a change involving drugs administered in an outpatient hospital or other outpatient setting were due to become effective January 1, 2008.

The rules mandate all state Medicaid agencies require providers who use a drug-related Healthcare Common Procedure Coding System (HCPCS) J-code when billing prescription drug products to include the relevant NDC of the drug dispensed. This requirement applies to electronic and paper claims submissions. The quantity of each NDC submitted and the unit of measurement qualifier is also required.

The NDC is a unique numerical code for a drug assigned by the pharmaceutical manufacturer within guidelines set by the Federal Government. The code is printed on each medication package and identifies the specific drug, strength, dosage form, manufacturer, and package size.

The South Dakota Department of Social Services, Division of Medical Services, requested a one year extension from CMS for implementation of this requirement. This extension would have allowed greater time for provider input and education. CMS informed us the requirement will become effective July 1, 2008 for outpatient hospitals. Please inform the appropriate nursing and billing staff within your facility of these requirements.

For electronic claims (X12) enter the NDC number in Loop 2410 LIN_03, unit quantity in Loop 2410 CTP_04, and the Unit of Measure in Loop 2410 CTP_05:1. The qualifiers for the unit of measure include: ME = milligrams, GR = Grams, ML = milliliter and, UN = units.

For the CMS 1500 paper claim; on line 24 (shaded area) enter the qualifier code N4 followed by the NDC in the 5-4-2 format with no hyphens or spaces. Leave 3 blank spaces then report the unit quantity and the Unit of Measure qualifier code (ex. 50ML). Possible qualifiers for the unit of measure include: ME = milligram, GR = Gram, ML = Milliliter and UN = Unit.

For the UB04 paper claim, in box 43 report the N4 qualifier code in the first two positions followed immediately by the 11 character NDC number in the 5-4-2 format with no hyphens, the unit of Measure qualifier and quantity (ex. N410019002805ML5.00). Possible qualifier codes include DA = days, ME = milligrams, UN = Unit, GR = Gram, ML= Milliliter. For additional information please refer to the Medical Services provider information website at: <http://dss.sd.gov/medicalservices/providerinfo/> or you may also call our Telephone Service Unit at 1-800-452-7961 if you have additional questions.



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January 23, 2008

TO: South Dakota Medicaid Prescribers

FROM: Larry Iversen, Director
Division of Medical Services

RE: Tamper-Resistant Prescriptions for SD Medicaid Recipients

The purpose of this notice is to clarify interpretation and implementation of federal requirements from the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act of 2007 (H.R. 2206), section 7002(b).

April 1, 2008: Effective for dates on and after April 1, 2008, a Medicaid prescription must contain at least one of the characteristics listed below:

1. Prevent unauthorized copying of a completed or blank prescription form.
 - High security watermark on reverse side of blank.
 - Copied prescription blanks show the word "Copy", "Illegal", or "Void".
 - Blue or green background ink on the blank that resists reproduction.
2. Prevent erasure or modification of information written on the prescription by the prescriber.
 - A chemical void protection on the blank that prevents alteration by chemical washing.
 - Safety paper that resists erasures and reproductions.
 - An area of opaque writing that disappears if the blank is lightened.
 - Erasure protection on green or blue background on the front side of the blank that resists alterations and erasures.
 - A feature printed in thermochromic ink that disappears or shows obvious tampering if the prescription blank is rubbed, scratched briskly, or if heat is applied.
3. Prevent the use of counterfeit prescription forms.
 - A custom or repetitive watermark on the backside of the blank.
 - Sequentially numbered blanks.
 - Duplicate or triplicate blanks

October 1, 2008: Effective for dates of service on and after October 1, 2008, a Medicaid prescription must contain all three characteristics listed above. Many entities have decided to meet the October 1, 2008 requirements immediately to avoid any confusion. South Dakota Medicaid strongly supports this approach.

Additional Information:

- This requirement applies to all non-electronic prescriptions written for SD Medicaid recipients when SD Medicaid is the primary or secondary payer.
- Drug Enforcement Administration and South Dakota Board of Pharmacy laws and regulations pertaining to written and electronic prescriptions still apply.
- SD Medicaid will not endorse specific vendors that supply tamper-resistant pads.
- All medical practitioners who prescribe drugs to Medicaid recipients are responsible for obtaining the tamper-resistant prescription pads and/or printer paper.
- Prescribers should contact their current prescription pad vendor for additional information on obtaining tamper-resistant prescription pads and/or paper.
- Prescribers not utilizing compliant pads or printer paper should anticipate additional telephone calls or faxes from pharmacies to obtain compliant prescriptions.

Exceptions:

Exempt from the tamper-resistant requirement are prescriptions that are:

- Faxed to the pharmacy from the provider's office,
- Telephoned to the pharmacy by the provider,
- E-prescribed, or
- Refills for which the original prescription was filled before April 1, 2008.

Additional Resources:

Federal Guidance to State Medicaid Programs: Dear State Medicaid Director

<http://www.cms.hhs.gov/SMDL/downloads/SMD081707.pdf>

U.S. Troop Readiness, Veterans Care, Katrina Recovery, and Iraq Accountability Appropriations Act of 2007

http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=110_cong_bills&docid=f:h2206enr.txt.pdf

Frequently Asked Questions Concerning the Tamper-resistant Prescription Pad Law

<http://www.cms.hhs.gov/DeficitReductionAct/Downloads/MIPTRPFAQs9122007.pdf>

Sincerely,

Larry Iversen, Director
Division of Medical Services
